

22nd December 1949] [Sri H. Sitarama Reddi]

is derived from that institution, and that led to certain doubts and the Hindu Religious Endowments Board also wanted a clarification in the matter. That point was again examined and to make the intention of the Government clear, this small amendment has been brought forward. The intention is that all amounts which accrued due to the institution, whether actually collected or not should be taken into consideration in arriving at the amount."

THE DEPUTY PRESIDENT:—"The motion is—

'that the Bill to amend the Madras Estates Land (Reduction of Rent) Act, 1947 (L.A. Bill No. 46 of 1949), as passed by the Legislative Assembly be taken into consideration at once'."

The motion was carried.

Clauses 2, 1 and the Preamble were put and carried.

THE HON. SRI H. SITARAMA REDDI:—"Sir, I now move—

'that the Bill be passed into law.'"

THE DEPUTY PRESIDENT:—"The motion is—

'that the Bill to amend the Madras Estates Land (Reduction of Rent) Act, 1947 (L.A. Bill No. 46 of 1949), be passed into law.'"

The motion was carried and the Bill was passed into law.

(9) THE MADRAS ELECTRICITY SUPPLY UNDERTAKINGS (ACQUISITION)
BILL, 1949 (L.A. BILL NO. 32 OF 1949).

* THE HON. SRI M. BHAKTAVATSALAM:—"Mr. Deputy President, Sir, I move—

'that the Madras Electricity Supply Undertakings (Acquisition) Bill, 1949 (L.A. Bill No. 32 of 1949), as passed by the Legislative Assembly, be taken into consideration at once.'

"This Bill is intended for the speedy nationalisation of all electricity undertakings in this Province. By approaching this honourable House with a request for conferring on the Government the powers specified in this Bill the House should not presume that we are only just beginning to make a start in nationalisation. The process of nationalisation of this industry, commenced two decades ago, when we laid the foundation of the Pykara Hydro-Electric Scheme as a State-enterprise. Encouraged by the early success of that project, we completed in quick time the Mettur and the Papanasam hydro-electric schemes and built up a network or grid of transmission lines in our Southern districts. In the early days of our hydro-electric development, we thought that the retail distribution of the power generated in State power-houses could be left to private enterprise. Every encouragement was given to licensees to expand their business and the control exercised over them by an inspectorate was just nominal. But

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the response from the licensees was not adequate and therefore the State entered the field of retail distribution also. The position today is that the industry is nationalised to the extent of 99 per cent on the side of generation and 70 per cent on the side of distribution. The bulk of the 85 licensees now engaged in this business, do no more than buy the power generated by the Government and distribute it to urban consumers in their areas. A few of them in the Andhra area, have their own power plants, but they are generally in a bad way and their combined out-put is about 1 per cent of the total. The present Bill should be viewed in this perspective and there should be no confusion in the minds of Honourable Members that the Government in their enthusiasm or immaturity, are attempting something for which they are ill-equipped. Even though the licensees had entered the field over a quarter of a century in advance of the Government, what the Government have to acquire from them is only a small fraction of the Government's own effort.

" The Bill has been discussed at very considerable length in the lower House. A Select Committee of that House which included amongst others, the President of the Madras Presidency Electric Licensees' Association, examined the various provisions minutely and I have accepted a good many suggestions of that Committee. I have explained in that House and to the Committee, the objects and reasons of this Bill and my statements had received very considerable publicity, through the kind courtesy of the Madras Press. This House may therefore permit me not to cover the same ground again at length to avoid repetition. I shall content myself with placing before this House certain other aspects of this subject which the House may be interested to know.

" Hon'ble Members will remember that in August 1947, we acquired the City electricity undertaking from the British firm which had operated it for over forty years. Now that the Government are proposing to take over all private electricity undertakings, the House may very well demand from me an account of what the Government have been able to achieve on that undertaking after nationalisation. Conditions of generation and distribution were very unsatisfactory when we took over that undertaking. Development was practically at a stand-still and it was almost impossible to get a new service connexion. A good part of my time in 1946-47 was taken up in interviewing applicants for new service connexion in the City and it was distasteful to me to be compelled to say 'No.' to even the modest requests of influential persons, who hopefully sought interviews. The rush was so great, with over 5,000 applicants in the waiting list, that Government had to set up a high-power committee consisting of the Secretary to Government, Public Works Department, the Chief Engineer (Electricity) and the Chief Electrical Inspector to decide priorities on which the Company should allot the very few service connexions they were in a position to give. The plant and machinery of the generating station were very old and the D.C.

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system of distribution was out of date. There were few days when the current had not failed in one sector or the other in the City. I am not mentioning these facts with the intention of blaming the Company. The Company had ushered in electricity to this Province over 40 years ago and done excellent pioneering work, for which we should be grateful. If the near prospect of the termination of their licence and the stress of the war, had created difficulties for them, it would not be fair on our part to criticise the company. But the fact remained that in August 1947, a City of the size and importance of Madras, had but an indifferent electrical service. For the immediate relief of the City, two 2,500 K.W. transportable sets were installed by us in quick time at a cost of Rs. 32 lakhs. Twenty-seven distribution transformer stations were added on to the 54 taken over from the company. Thirty-three miles of high tension and 56 miles of low tension lines were newly laid. The peak load of the power house was raised from 19,600 to 25,400 K.Ws. registering an increase of 30 per cent. Service connections increased from 21,526 to 27,691 or by 28 per cent. Rural service in the neighbourhood of the City was taken up for the first time and 63 agricultural pumps aggregating to 300 h.p. have been connected up. The number of units consumed in the City rose from 68 millions per year to about 90 millions. Works are well in progress for the installation of new plant for 15,000 K.Ws. at Basin Bridge at an estimated ultimate cost of Rs. 6 crores which will come into fruition in 1952 and solve the power problem of Madras for a decade or more. In the meanwhile, the out-moded D.C. equipment is gradually being replaced by modern A.C. equipment, and about 400 services have already been changed over. The work of interconnecting the Mettur Hydro-Electric Power House with Madras through a 110 K.V. transmission line is nearing completion and it may be possible in future to save coal in the Madras Power-House during the irrigation season in Mettur. Complaints have been made in certain quarters that we have been increasing the staff of the system indiscriminately. It is no doubt true that we have employed additional staff, but this addition was necessary for the expansion of the power plant and new services. Our critics do not seem to realise that the European officers who were running the concern, had left and their places had to be filled by new men. A good deal of consulting and purchase work was being done for the company in London by their headquarters staff and that work too is now being done locally. The main consideration in judging us on this question, should be, whether we have been able to run the concern during the last two years as a successful commercial proposition. I can assure the House that we are securing a reasonable return on our capital, after providing for depreciation at rates ranging as high as 8-1/3 per cent which was considered necessary, in view of the dilapidated conditions of much of the plant which will have to be replaced quick. I do not wish to tire the House by what may be construed as blowing one's own trumpet, but I do want the House to

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appreciate that we have substantial achievements to our credit during the past two years. A large part of our effort, as for example the plant-extensions, have not yet begun to bear fruit, but by 1952 we hope to present a tidy picture. Only by convincing the House of our credentials in this respect, can I legitimately demand from the House further powers for completing the process of nationalisation in quick time?

“ The House may very well query why it is now necessary to arm the Government with further powers, if we had been able to take over the big concern of the Madras Electric Supply Corporation under the existing law. All the licences now in force in this Province were issued under the Indian Electricity Act of 1910. Under that Act a licence in force can be terminated only at the end of the period of the licence which is normally 20 years or more. The period of the licence for the Madras Electric Supply Corporation was 42 years from 1905. That would mean that if we are content to operate on the existing law, the process of nationalisation can be completed not by us, but only by our children. Again, under Section 7 of that Act, the licensee, on the termination of his licence, is entitled to ‘ Fair Market Value ’. This expression is difficult to define in relation to an undertaking dealing with a public utility. So far, there has been no occasion in this country for a Court of Law to give a precise definition to this expression. The framers of the Indian Electricity Act do not appear to have visualised in 1910, the extravagant claims that were likely to be put forth under cover of this expression, because they had not anticipated the enormous increase in the prices of electrical materials as a result of the two World-Wars. The licensee seems to argue that ‘ Fair Market Value ’ of an undertaking is the sum total of the value of each item used in building up the undertaking plus the cost of erection at current market rates as distinct from the actual rates which obtained at the time of erection. But there is a catch in this line of reasoning. The undertaking was built up on a licence granted by the Government. The rights conferred by the licence did not amount to an outright and unconditional grant. The licensee had not been given the discretion to sell his undertaking as he pleased, to the highest bidder. The undertaking was dedicated to the service of the public and had therefore no market value, because it could not be disposed of by the owner. Because a transformer fetched an attractive price now, it was not open to the licensee to dismember a transformer from his undertaking and sell it off to a third party. How then can anybody assess the worth of that transformer or the other components of that undertaking to the licensees? And yet, the Madras Electric Supply Corporation has demanded compensation from us on that basis to the extent of about Rs. 240 lakhs. Most of the plant of the Madras Electric Supply Corporation was purchased and installed several years ago at a cost which may not amount to a third of the present demand. The labour charges for erection

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at that time would have been trivial and yet compensation is being claimed at current cost of erection. The D.C. distributing system is now being replaced by us, and yet we are asked to pay compensation at current market rates for the components which make up that out-moded system. A good many pieces of equipment are obsolescent and should be replaced at once and yet they have a current market value which is being claimed. We do not have an acceptable depreciation table with which deductions could be made for obsolescence. Hon'ble Members are aware that when a service connection is given, the licensee collects from the house-owner the capital cost of the connection from the licensee's mains to the house. But the service connection continues to be in custody of the licensee for the purpose of maintenance. The House will be astonished to hear that the Madras Electric Supply Corporation has asked for compensation from the Government even for these service connections which the house-owner and not the Company, had paid for. I am not insinuating that the Company's demand was *prima facie* illegal or absurd. The Indian Electricity Act, as it stands, lends colour to such claims and we cannot accuse a business firm for making what they consider to be legal claims. We are compelled to thrash out these issues before an arbitrator, because the law is imperfect, but in respect of this concern, we have no option except to abide by whatever interpretations which the arbitrator may give to the relevant provisions of that law. The same difficulty is being felt by the United Provinces Government who recently took over the Cawnpore Electricity concern and the matter is pending before an arbitrator. Therefore, it is a matter of common prudence that we should safeguard ourselves against the inequitous operation of the out-of-date provisions of a law and that is the purpose of the present Bill.

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p.m.

"The true value of an undertaking should be reflected by the value of its shares as quoted in the stock-exchange, because that is the value which the prudent investor sets on the assets. This was the basis of compensation adopted in the British Nationalisation Act, by which the present Labour Government of Britain nationalized their undertakings. If we had the option of adopting this basis, we would not have had to meet the extravagant, though perhaps legal, demands now being made on us by the Madras Electric Supply Corporation. One of the three methods of compensation provided for in this Bill is this one whereby the compensation amount is determined by the value of shares quoted in the stock-exchange or in the absence of such open quotations, as noted in genuine private transactions. It had been pointed out to the Government that this basis, however justifiable in abstract theory, cannot be applied in practice to all cases, because share-markets in this country are generally tardy, especially in this industry of small proprietors. We have therefore provided two other alternative bases. The first one is based on the capitalization by 20 years of the average net profit of the

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concern over the last five years preceding the vesting date. The other one is based on the actual value of assets as shown in the books of the undertakings less depreciation calculated on a specified schedule plus a solatium ranging up to 20 per cent. The licensee is given the option of choosing any one of the three bases so that if he is a loser by the operation of any one of the bases, he can opt for another. On a rough computation on these three bases, it has been found that an average share-holder in these concerns gets a compensation of about Rs. 17 to Rs. 20 on a paid-up share of Rs. 10. The Lower House was emphatic that the Government have been fair, if not generous, with licencees.

"In respect of local boards which had built up their concerns with capital advances made by the Government, the Bill provides for the writing off of all such outstandings on compulsory acquisition. Capital expenditure incurred from the general revenues of local boards will also be compensated for the extent necessary. In order to assist local boards to balance their budgets till they tap new sources of revenue, they will be paid a sum equal to five years' net profits.

"The Bill provides for the compulsory termination of contracts of managing agents with these undertakings. The Select Committee of the Lower House thought that a little more consideration was due to them for their services in the past and on the recommendation of that Committee, the Lower House agreed that managing agents should be given compensation to the extent of their remuneration over a period of two years or for the balance of period of the agreement, whichever was less. The managing agents appear to be satisfied with this provision and I hope this will commend itself to this House also. A Special Officer has been provided for, for the liquidation of the concerns after the Government had taken over the assets and the orders of this Special Officer will be subject to an appeal to the High Court.

"The Hon'ble Leader of the Opposition had drawn by my attention separately to the necessity for providing adequate safeguards for the large army of employees of these undertakings. I shall repeat what I had stated in the Lower House. It is very definitely the intention of the Government to absorb the large bulk of the staff and only the undesirable elements will be sought to be eliminated. These employees have before them the good example we have already set in respect of the absorption in Government service of the staff of the Madras Electric Supply Corporation. I hope the Hon'ble Leader of the Opposition is satisfied with the assurances I had already given and will therefore extend his wholehearted support to this Bill.

"In the matter of electrical development, this House need have no apprehensions about the good faith of the Government and their ability to translate their intentions into action. We have brought forward this measure with the sole object of making this vital amenity reach as many villages as possible. As soon as the present Government took over, they gave a new orientation

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to the electricity policy of the Government. Rural loads may not pay a rich dividend compared with urban and industrial loads. But our country has no salvation unless we can persuade our villagers to stick to their villages and till their soil and this we can do only if we endeavour to make life in villages less drab and precarious. Even at the risk of reducing our profits, we must extend electricity to villages and if necessary, with a subsidy from the Exchequer. Electricity reached 101 villages in 1946-47, 146 villages in 1947-48 and 194 villages in 1948-49. One thousand two hundred and twenty-three pump sets have been connected up in 1946-47, 1,793 in 1947-48 and 2,288 in 1948-49. Electricity is now available in 1,500 villages to operate about 12,500 pump sets and we are at present endeavouring to see that about 3,000 pump sets are newly installed in each year. This is not altogether a mean achievement as the House may note in this respect.

“ I may be pardoned if I take up the time of the House in explaining in just bare outlines, our plans for the future. In order to carry out our rural electrification schemes on an appreciable scale, new sources of power will have to be tapped. For this purpose, we have already launched a five-year plan of development costing about Rs. 25 crores. This programme consists of the Machkund Hydro-Electric Scheme in Visakhapatnam capable of generating 100,000 K.Ws. for use in the Andhra districts, the Moyar Hydro-Electric Scheme, extensions to the Pykara and Papanasam Hydro-Electric Schemes, New Thermal Stations at Mathurai, Nellore, Kurnool and Cuddapah and extensions to the thermal plants of the Madras and Andhra Systems. Works on all these schemes are well in progress and new transmission lines are also being laid down side by side to transmit the additional power to interior areas. This programme is expected to come into fruition from 1951 onwards; and will double up our power generation by 1953. There have been unavoidable delays in the delivery of plant and materials; but on the whole the programme is keeping satisfactorily to the schedule. Under our existing shortages, an electricity scheme takes at least five years for fruition from the date of inception. We have therefore, to plan ahead even now for the quinquennium following the present five-year plan. Investigation is now proceeding and is about to be finalized on a scheme in the Kundah Valley on the Nilgiri plateau which is capable of generating 100,000 K.Ws. We have conducted negotiations with Travancore-Cochin Union for the development of power from the Periyar waters in Mathurai district and an agreement is in sight whereby we hope to develop about 40,000 K.Ws. of power. The Tungabhadra Project now under execution will give us an equal quantity of power for use in the Ceded Districts. We have also negotiated an agreement with Mysore on the Mekadatu Falls on the Cauvery, whereby Mysore will release us a substantial block of power for use in South Kanara and the Salem country. Plans are thus getting ready for the development of another 200,000 K.Ws. of power, for rural electrification in the quinquennium to follow.

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"In the Lower House I had the satisfaction of witnessing the unanimous acceptance of the various provisions of the Bill without even a single amendment being moved. Even the licensees' representative who saw the compulsory termination of his business, accepted the compromises evolved by the Select Committee in his favour and withdrew all his objections. I have therefore reason to hope that this Bill will commend itself to this House also to the same extent as to the Assembly."

THE DEPUTY PRESIDENT :—"The motion is—

'that the Madras Electricity Supply Undertakings (Acquisition) Bill, 1949 (L.A. Bill No. 32 of 1949), as passed by the Legislative Assembly, be taken into consideration at once'."

* SRI R. SURYANARAYANA RAO :—"Mr. Deputy President, Sir, after the lucid exposition of the Hon. Minister for Public Works, he is perhaps entitled to expect that his Bill should be passed without much discussion. But, Sir, the Bill that is introduced is a very important measure. As the Hon. Minister himself said, it is hoped that by passing this measure, the Government will be free to undertake large schemes of development. Any of us who speak on this measure do so not because we are opposed to the principle underlying the Bill, but we feel that we have to utter a note of warning. As far as nationalization is concerned, personally I am not against it on principle. But I would like the Government to pause and examine how far their responsibilities for the undertakings they have nationalized have been discharged satisfactorily. Sir, Governments might have changed and the representatives of the people may be sitting in the Treasury Benches. But I cannot help feeling that the old characteristics of bureaucracy still cling, and they cling in a manner which even those who believe in the virtues of bureaucracy cannot but regret. We have yet not given up the ante-diluvian methods associated with bureaucracy. My hon. Friend, the Minister for Public Works, gave a catalogue of achievements of the Madras Electricity system. But may I, as a humble consumer, bring it to his notice that while I recognize that there have been so many new house connexions and so much of development of electricity for the purpose of using pump sets and all that, there is no punctuality in attending to complaints and the issue of bills. The bill for the past month is generally received after the 15th or the 20th of the subsequent month, whereas, when the Madras Electric Supply Corporation was working, we used to receive the bills, just as we now receive bills from the Telephone Company, before the 5th of the subsequent month. I have brought this personally to the notice of the officers concerned, but as yet I see no improvement. The bill says that the amount must be paid within a particular date, while the interval between date of receipt of the bill and the date of payment is greatly narrowed down. It is very difficult for the humble consumers to keep up to this time or otherwise face the threat of disconnexion. We would like the officers to be more punctual in issuing bills and also more punctual in attending to complaints."

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This Madras Electricity System gives an opportunity to learn lessons which will stand them in good stead when they take over other electricity undertakings. When we point out even small things as late issue of bills, it should not be taken to mean that we are doing it in a fault finding spirit. We want our system to be as effective as possible so that our system shall not be compared unfavourably with the Corporation from which we have taken over.

“ Then, Sir, before we take over any undertaking, I would like the Government to make all managerial and financial arrangements. The Government must satisfy themselves that the arrangements are so perfect that they can do better than the existing licensees. On a comparison of the performance of the Madras Electricity System with that of the Madras Electricity Supply Corporation, so far as humble consumers are concerned, I cannot say that the arrangements on the managerial side were so complete. It all depends upon a good deal of forethought. A good deal of forethought is necessary before we decide to take over the management of an undertaking. Government are no business concern but they are entering into this trade. What is good for Government and what arrangements are possible in running the Government are not always suitable to run business concerns. Running business concerns requires a great deal of forethought and all qualities that may not be called for in running an administration. That is the only point which I would like to stress and I would beg of the Government, while taking over the electric undertakings, to make all arrangements and not say that they have not got sufficient Electrical Assistant Engineers, foremen, etc. Once you take over, do it only after making sure that the personnel required is there. I emphasize it because there is a dearth of technical personnel now. The Government must from now, after this Bill has been passed, make preparations to see that the necessary personnel is made available for taking over these undertakings. There should be a plan for training technical personnel to be absorbed later in running these undertakings. I have given notice of some amendments and I shall deal with them later. Whether they are acceptable or not, I have some points of view to mention and I do not propose to deal with the clauses except to say that while I am not at all against nationalization in principle, let not Government be hasty in taking over undertakings without fully satisfying themselves that they have made complete arrangements both on the managerial side and financial side, to run the undertakings more efficiently than the existing licensees.”

3-20
p.m.

* SRI B. BHIMA RAO :—“ Sir, I am very glad that our Government has undertaken this measure and is nationalizing all electrical undertakings in this Province. Sir, the town of Bellary which I represent was the first municipality, excepting of course the premier City of Madras and the hill station of Ootacamund, to take up electricity and that was in December 1924, exactly a quarter of a century ago. Now what is the position that we find? The machinery that we then took has now deteriorated and what all

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we spent is also equally useless. The result was for about 7 or 8 months excepting for three hours in the night from about 6 to 9 p.m., there was no public lighting at all in the whole of the town of Bellary. Even now we are put to this inconvenience. One day we get lighting from 6 p.m. to 8 p.m. and from 8 p.m. to 10 p.m. there is no lighting and again from 10 p.m. onwards we have lighting. Every alternate day we have to be groping in the dark between 8 p.m. and 10 p.m. That is the position now in the town of Bellary. Unfortunately the area in which we live was the first to take up electricity from the municipality about 25 years ago. My area took up 600 house connexions whereas afterwards the rest of the area could take only 300 or 400 house connexions and it could not develop further. That is the result now and it has become necessary that this old machinery should be replaced. I am glad to see that we are getting electricity from the Jog Falls in Mysore State; the wiring is also complete and the only difficulty is this. Till now we were getting direct current (D.C.). Now we are getting alternating current (A.C.). So, new fans and new meters have to be set up and in the case of the higher middle classes they can very easily pay the cost of these meters which in the municipality of Bellary now cost Rs. 60 each. I do not know what the price in Madras is. But we have to give electricity for the lower middle classes also. It is very difficult for them to purchase meters at their own cost. Till now the system was for the municipality to fit up the meter and charge us a nominal rent of 8 annas which has now been increased to one rupee. They can very easily pay that amount, but if they insist upon the poor middle class people to purchase meters and put them up for their houses, it will be very difficult. My house is No. 2, Goldsmith street, in the town of Bellary at present. For houses Nos. 1 and 3, the owner is a lady who has got limited means. She is unable to purchase meters and put them up. The difficulty now arises—they are prepared to give us A.C. but the lady is unable to purchase meters. On account of that inconvenience, people are unable to get the A.C. connexion. If we get the A.C. connexion we can have light throughout the night. That is the difficulty and I hope the Government will be able to purchase the necessary meters and fit them up at least in the case of poorer middle class people, if not in the case of higher middle class people, or richer class of people; they can use their discretion.

“ After the Government take over the concerns, let them be as energetic as it was in the case of private ownership, like the M.E.S.C. which the Government have taken over. I wrote one or two communications to the Hon. Minister which were not acknowledged; obviously he was very busy. The electric current bills for July and August were received only some three days ago. Previously our people used to get them by about the 15th or so of the ensuing month. Now we get the bills for July and August in December. After you nationalize this undertaking and take over the electricity concern from the municipality of Bellary, if you issue bills in January for all the arrears up-to-date, how

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can the poor people easily collect the amount and pay it up in time? Now there is some slackness and unbusinesslike methods are followed in the municipality. The municipality think that while the Government are taking over, why should they the municipality be energetic. There is also no other concern to look after this now. That is what is happening and in case of any irregularity, for instance, if the connexion is cut off, it cannot be restored; we have to apply to the local Government for its restoration. After the Government take it over, I request the Minister to ask the officers to be sympathetic and not to cut off connexions in this harsh manner and then require them to go over here and ask for fresh connexions being given. So, I am also of the same opinion as my Friend, Mr. Suryanarayana Rao, regarding officers. Let them also be energetic; let them attend to the calls of the poor people. When I say that the electric current has failed to-day, there is nobody to answer my request. We are not able to know when it will be restored. In these days we do not get adequate quantity of kerosene. Previously in the town of Bellary I used to get six bottles of kerosene oil but now it has been reduced to three bottles. When such is the position of people like me, how could the poor people get on in the town of Bellary? These are the difficulties of the poor people in the premier town of Bellary and I request the Hon. Minister to ask the municipal authorities to be more sympathetic in the matter of electric connexions."

SRI P. VEERABHADRASWAMI :—" Mr. Deputy President, Sir, a number of private companies and local bodies are not able to supply electricity for various reasons. Some of them are not able to command sufficient financial resources and some others are not able to get proper equipment and in some cases it is due to mismanagement. The demand for electric energy is increasing day by day. For purposes of lighting and for industrial and agricultural purposes, the demand for electricity is on the increase. These private bodies and local bodies have not been able to increase their output and have been consistently refusing new house service connexions or supply for industrial purposes. I know that a company in my district has not been able to give even one new house connexion during the last three years and I had to lead a deputation to the Hon. Minister some time back requesting the Government to take over the company. It is to set right matters, to increase the output and to supply energy of a larger quantity to the people that the present Bill is before the House and I welcome it and wish it a smooth passage. It will greatly help to enhance the revenues of our Province when we require more and more money for our nation-building activities. At a time when our resources are dwindling due to the introduction of prohibition and other beneficial schemes, it is but right that we should take over such concerns and make profit and have more revenue for our purposes.

" Sir, the terms of compensation provided in the Bill are liberal and no complaint can be made against them. But the existing companies are now maintaining a large number of

[Sri P. Veerabhadraswami] [22nd December 1949]

employees and the Hon. Minister has been pleased to state already that most of these employees will not be disturbed and so there can be no complaint against the Government on this score. The depreciation rates provided in the Bill are also reasonable and there can be no complaint against them. I wholeheartedly support this Bill."

3-45
p.m.

DR. A. LAKSHMANASWAMI MUDALIYAR :—" Sir, generally I am one of those who are very sceptic about nationalization by the Government. But in this particular respect, I must say that this scheme of nationalization of electric supply to the Province is the right thing. I do support this for two reasons. In regard to the Hydro-Electric Schemes in this country, I would like to point out that they could not be run by private effort, although in other countries like the United States of America, it is wonderful to see large Hydro-Electric schemes being run entirely by private enterprise with the greatest amount of efficiency. Also, the need for quick and efficient electric supply to the villages, both for agricultural purposes as well as for industrial development needs no emphasizing. I therefore feel that the only possible method of getting quick and efficient supply of electricity even to the remotest villages and to help in the Grow More Food Campaign by giving electricity to the agriculturists will be by the Government coming to the help of the agriculturists by taking over this scheme. I must say that the Hon. Minister has been very energetic. I know that he has gone to the different parts of the country—Mysore, Travancore, etc., to find out how far electric supply from these States can be utilized, by paying a reasonable charge, for areas which are on the border line. I therefore welcome this move to take over completely the scheme of electric supply, whether you call it nationalization or not.

" But, there are some points which have to be borne in mind in regard to this scheme of nationalization. Mr. Bhima Rao has referred to one of the difficulties experienced by most of the consumers. I believe it is so in many places. It is so in Madras. Unfortunately, in the same City there are two methods of supply of electricity, one by the direct current system and the other by the alternating current system. I understand that it is the aim of the Government that all house connexions as well as industrial connexions must be converted into alternating currents which is the right method of supply. In so doing it must be taken into account that it will lead to heavy expenditure on the part of everybody, rich and poor alike, through the conversion of direct current into alternating current. Many of the electrical equipments which we are now provided with for direct current will have to be scrapped, if the alternating current supply is brought in. I wish that this aspect of the question would be looked into with sympathy by the Government and that they will pass some order so that the burden will not fall too heavily on the consumers by the change-over of direct current into alternating current and that the system will go through as quickly as possible.

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"Sir, there is another point about which I feel I must raise a warning note. In all Government undertakings, there is a general tendency for increasing the overhead charges. If this increase in overhead charges is not to be controlled on the basis of any expert advice or otherwise, then the person who will ultimately have to incur these charges will be the consumer. It is not fair that while these charges were possibly avoidable if it were a business undertaking, the Government should increase them in such a way that the consumer will be adversely affected.

"Moreover, in a business organization, there are ways and means of getting the maximum amount of work out of the employees. There is provision by the Government to see that a business organization does not treat its employees badly in any way. But, in Government, whatever may be the interest and whatever may be the enthusiasm of the Minister concerned, whether it be nationalization of electric supply or nationalization of transport, that interest and enthusiasm do not generally gravitate downwards to any appreciable extent with the result that those who are immediately in charge of these undertakings have no conception whatsoever of running them on businesslike or economic lines much to the detriment of the interests of the consumer. Then I would like to suggest that all schemes which the Government undertake on the basis of nationalization must be treated as business concerns and there must be a report to the Legislature on the working of these concerns in a graphic manner including all the details of assets as well as liabilities of income as well as expenditure and a statement should be furnished just as for instance a business concern would furnish a statement to the Board of Directors dealing with the business. It must not be presumed that because the Government has undertaken a scheme it would be working in a satisfactory manner. The Board of Directors in this instance is the Legislature. I feel that it is necessary that the Government should give a statement like this, what the business has actually yielded during the year, and the depreciation should be worked out. There should be a sinking fund. There should be a method of calculating what exactly is the profit or loss. It may be loss sometimes and it may be profit sometimes. I am anxious that the Government should place all the facts including profit and loss. Also, I would suggest that the Government should take into consideration, just like any other business concern what they would have to pay as income-tax, super-tax, surcharge and various other things. It will not do for the Government to say that this has been the profit without taking into consideration these liabilities that will ordinarily fall on a business enterprise. One can correctly determine the profit or loss of any concern only if the whole thing is treated as a business concern including the cost with regard to the overhead charges and including those liabilities that any business concern must necessarily pay.

"Mr. Bhima Rao and others have referred to the need for greater amount of sympathetic attention being given when complaints are made in regard to failure of electric supply and delay in the submission of bills, etc. That involves the creation

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of an Inspectorate which ought to function very efficiently and which must be in a position from time to time to determine whether the scheme is working well and to attend to the various complaints and other things.

"I entirely agree with Sri Suryanarayana Rao that if the scheme is to work successfully there should be immediate attention on the part of the Government to create a machinery of experts in various fields from the lowest to the highest so that they may be readily available for any technical and other advice that may be necessary in the working of this scheme.

"I would lastly advise that there should be an Advisory Committee consisting of certain experts and others who will be interested in this matter to look into the working of the scheme from time to time and tender such advice as may be found necessary for the Government to consider. Sir, although I feel that this scheme will work excellently, because a particular Minister is keenly interested in it, one cannot be quite sure that this scheme will continue to work excellently and will receive the same attention from his successor, should there be any necessity for a successor.

"I hope that if these suggestions and points are borne in mind, it will be possible for us to say in course of time that this move for nationalization of electricity that we are now taking has been a success not merely from the point of view of business, but also from the point of view of the consumer and in the best interests of the country as a whole."

SRI M. NARAYANA MENON :—"Mr. Deputy President, Sir, I must congratulate the Government most warmly. I may say that I am doing it not without any selfishness. I feel that if the rest of the country is well satisfied with electricity, my district will also get a little bit of it. In Malabar, if we get as much electric current as possible we could solve all our food problem. We have no irrigation facilities. Of course something has been done. I trust the Hon. Minister will help us in getting our irrigation schemes duly executed. I am sure he is earnest. If there is plenty of electricity, then why should we not get it? That is my desire. That is why I said that I am not un-selfish in this matter of congratulating the Government.

"As told by Sri Suryanarayana Rao and others, it is not sufficient that a five-year plan or a ten-year plan is prepared. It must be cleverly and efficiently worked out. The Government must have enough money for that. I would point out that even private capital may be invited by the Government for this purpose and even a small dividend may be allowed to those who give money.

"Then there is the question of personnel. We must have a fully trained personnel. In most of our schemes, I have been told that there is no adequate personnel. How can you get these personnel unless we have enough Engineering Colleges, technical

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Colleges and technical institutions where these people can be trained and equipped. Therefore, the moment the Bill is passed, it must be the duty of the Minister to see that sufficient technical personnel are trained up for the purpose of working up this scheme efficiently. Otherwise, we have to wait and complain and complain and wait. That will be the result.

"Then I have to mention one other thing. For the working of the scheme properly, you should have enough material. For instance, we have been told several times here by the Hon. Minister and others that we have no transformers. Transformers are expected from Switzerland, America or Britain. Similarly, Mr. Bhima Rao has been telling that we have no meters. Therefore people are asked to purchase these. How can ordinary people purchase these meters? They are not available, even in black-market. So, these meters must be manufactured in this country itself. As a matter of fact, all the electrical appliances, including cooking apparatus, can be conveniently manufactured here. So it is better if even now a company is floated under the supervision of the Government for the manufacture of these electrical appliances, wires, bulbs, meters, motors, switches and other things that are required for irrigation and industrial development. I am sure the Bill is a very good one and is well worded. Nothing can be said against it. But, what about the future? The trouble commences only after the passing of this Bill. Therefore I request the Minister to take steps even now for remedying all these drawbacks.

"There is one other matter about which I would like to say a few words. As stated by Dr. Lakshmanaswami Mudaliyar. I suggest that an Advisory Board may be formed for the efficient management of the business. It is very important. I would even suggest that another kind of Advisory Board is required. This Board should consist of one or two representatives from each district who will be fault-finders. Sometimes, these fault-finders also happen to be the fact-finders. These people may tell the Government what they should do and point out to them the various defects in the actual working of this scheme and suggest remedies. Such an Advisory Board from the consumers' point of view is absolutely necessary for the Government to form when electricity is taken up by the Government.

"I am really against nationalization, but not in all matters. In some matters, I am against nationalization. In the matter of supplying water and electricity, I am for nationalization, because, that alone will succeed. It is only the Government who have got the power, money, technicians and everything under their control who can manage this scheme. Therefore, nationalization with regard to water-supply and electric supply will surely succeed. I once again congratulate the Government for having introduced this Bill and for having undertaken to supply electricity themselves to the Province."

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4 p.m. **SRI N. VENKATACHALAMAJI** :—“ అధ్యక్ష, electricity ని ఉత్పత్తి చేసేటటువంటి private సంస్థలన్నింటిని గవర్నమెంటువారు స్వాధీనము చేసుకొని సక్రమంగా వాటిని నిర్వహించాలనే భుద్దేశముతో ఈ బిల్లును తీసుకొని వచ్చినారు. గాన బిల్లును సమర్పిస్తూ మాటలాడుచున్నాను.

“ మా విశాఖపట్నం జిల్లాలో విజయనగరం పట్నములో గవర్నమెంటువారు Electricity corporation ను దాదాపు పది సంవత్సరములనుండి నడుపుచున్నారు. ఈ పది సంవత్సరములలోను Government వారు public అవసరములను విమూలము సరిగా తీర్చలేకపోయినారు. స్ట్రీటు లైట్స్ చాలనందున వాటిని ఎక్కువచేయమని ప్రజలు చెప్పుకొనినను, అధికారులు తగినంత శ్రద్ధ తీసుకోవడంలేదు. గత ఆనేక సంవత్సరాలలో fuse అయిపోయిన bulb లను replace చేయడం లేదు. Replace చేయుటకు అవకాశము లేదని screw bulbs దొరకడం లేదని, ఫుండేవి చాలని, ఎక్కువ అవసరము లేదని public కు సమాధానాలు ఇస్తున్నారు. Street లలోని bulb లే గవర్నమెంటు replace చేయజాలనప్పుడు తక్కిన bulb ల విషయం విలాగుంటుందో మీరే గ్రహించుకోవాలి.

“ ఇంకొక విషయమేమనగా ప్రజలయొక్క అవసరములనే తీర్చలేనప్పుడు, Buckingham and Carnatic Mills మొదలైన factories కు కావలసినన్ని units electricity ని ఇస్తున్నారు. ప్రజలయొక్క అవసరాలకు చాలనటువంటి సందర్భములో ఈ factories కు ఇవ్వవలసిన అవసరమేమీ నాకు అర్థంకావటం లేదు. ప్రజలకు సరిగా supply చేసిన తరువాతనే factories కు ఇవ్వవలెనగాని ప్రజలకు తక్కువగా ఫుంటే factories కు ఇవ్వకూడదు.

“ ఇంక, house service connection విషయములో కూడా చాలా లోపాలున్నాయి. ప్రతి connection కు రెండు fuse లు ఫుంటాయి. వాటిలో ఒకటి private fuse రెండవది Government fuse. వీటిలో ఏ ఒకటి పోయినప్పటికి electricity supply జరగదు. Fuse అయినప్పుడు అధికారులకు phone లో తెలియజేసిన మూడు, నాలుగు గంటలకుగాని ఎవరైన వచ్చి ఏమి జరిగినది చూచి విచారించరు. తరువాత వచ్చి కూడ ఒకవేళ private fuse పోయిఫుంటే, ఇది బాగలేదని, వేరొకటి వేసుకోవలసిందని చెప్పిపోతారు. మరల తిరిగిచూడరు. ఒకవేళ, Government fuse పోయిఫుంటే, ఇప్పుడు అవకాశము లేదని, రేపొసూసో వస్తామని సమాధానము చెప్పిపోతూఫుంటారేగాని కావలసిన పని సరిగా వెంటనే చేయడం లేదు. గొప్పవారైతే మరల వ్రాతమూలకముగా వాసుకొని పనులు సాధించుకొంటారుగాని సామాన్య ప్రజలకు సాధ్యముగాకుండా వున్నది. ఆమాత్రము ఈమాత్రము సంసారులయొక్క కష్టనష్టాలను ఈ ఉద్యోగస్తులు విమాత్రము గమనించకుండా వున్నారు. కనుక ప్రజలకు ఇటువంటి ఇబ్బందులు కలుగజేయకుండా చూడవలసిందని వారి ఉద్యోగస్తులకు order లు పంపవలసినదని ప్రభుత్వమువారికి నేను మనవిచేస్తున్నాను.”

* **THE HON. SRI M. BHAKTAVATSALAM** :—“ Mr. Deputy President, Sir, I am obliged to the hon. Members for the general support they have given to this Bill. I am also thankful to the hon. Member, Mr. Suryanarayana Rao and others for the warning that they have given to the Government on the eve of taking over these concerns. Mr. Suryanarayana Rao suggested that we should be more punctual in taking over and that we should pay

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more attention than what had been paid so far. He also complained that even regarding the Madras Electricity System we had not been punctual and that all the attention that was required was not bestowed. Sir, it is easy to find fault for comparative deficiency, and it is easier to point out defects here and there. But all the same, I maintain that on the whole the management of the Madras Electricity System, ever since it was taken over by the Government, has been as efficient as it should be; and as I have already explained to the House, we have expanded in the matter of distribution of power. Of course, the consumers may have their own difficulties. Whenever complaints about their difficulties are brought to the notice of the Government, we shall certainly look into them and try to remedy the defects. The hon. Member from Vizianagram referred to certain difficulties experienced by people there in the matter of supply of power. If the hon. Member had only drawn my attention specifically to these complaints earlier, it would have been possible for me to look into them. But I must point out that the Government also have their own difficulties. They are not able to get the necessary materials required. Sir, this Bill should not be construed as a hasty piece of legislation, as was remarked by the hon. Mr. Suryanarayana Rao and the hon. Member from Bellary. Several of the private concerns have failed and in some cases there has been a virtual break-down of the system. In Ongole, for instance, for more than a year or so, there has been no street lighting. In Bellary, where the municipality was undertaking this work, the system has failed and the municipality has found it impossible to set it right again. Again, in Rajahmundry the private undertaking has failed, and there was the danger of the water-supply breaking down. We had the same trouble in Cuddapah also where we had to negotiate with the licensees, the representatives of the firm, and they agreed to abide by the terms of the new legislation. We have just taken over the undertaking there and started work in order to avoid a further break-down of water-supply. So these are the factors that necessitated the bringing in of this legislation. The Government are certainly endeavouring to make the working of the system in Madras more efficient than what it is. The hon. Member from Bellary also referred to certain difficulties in the working of the generation and distribution system. Sir, the Bellary Municipality itself wanted us to take over the system and it is in the process of being handed over to us. If we, ourselves have difficulties, the private licensees and municipalities have still greater difficulties. Therefore, there is the necessity of the Government stepping in. Sir, I am really sorry that the communication referred to by the hon. Member from Bellary has not been acknowledged by the Government. The communication must have been duly forwarded to the municipality and I do not know how it has not been replied to by the Government. But I do not believe in merely acknowledging receipt. The municipality, which must have been asked to look into the complaint, perhaps has not been able to afford necessary relief. Any way that will be looked into. I am particularly obliged to the hon. Member, Dr. Lakshmanaswami

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Mudaliyar, for the general support that he has given to this Bill and for certain valuable suggestions that he has made. Regarding the question of change-over from the direct current to the alternating current, I do appreciate the point that it will be a great burden on the consumer if the entire cost is to be borne by him. I can assure the hon. Member that the Government would sympathetically consider the question and we shall also see that the change-over takes place as quickly as possible. He has also referred to the question of increase in over-head charges. My hon. Friend, Mr. Suryanarayana Rao also referred to this while speaking on the working of the Madras Electricity System. I may at once tell them, Sir, that there has not been any undue, unwarranted, increase in the charges pertaining to management. We have expanded and correspondingly the expenditure has gone up. It has not gone up, beyond what the expansion would justify. However, I appreciate the point that the system should be managed in a business-like and economic manner. The Government, in fact, have been doing their best to run the system in a business-like and efficient manner. The Government would also consider the suggestion put forth by my hon. Friend, Dr. Lakshmanaswami Mudaliyar that periodical reports of the working of these concerns may be placed before the Legislature. Regarding the formation of Advisory Committees suggested by the hon. Member, I may tell the House that there is a provision in the Electricity Supply Act of 1948 passed by the Central Legislature for the formation of Provincial Electricity Boards. Government are considering the question of forming such Boards in accordance with this provision. Reference was also made to the need for sympathetic attention on the part of the staff employed. I may assure the House again that the Government will do everything possible to make the staff feel that they should carefully and quickly attend to the needs and grievances of the public. My hon. Friend warned me that unless necessary arrangements were made, we should not take over any private concerns. I may state that when we took over the Madras system, we took the entire staff with us and this policy will apply to every undertaking that may come under Government control. So, there will not be any inconvenience caused to the public for want of technical or non-technical men. The staff that was attending to the needs of the public under the private management, would continue to be there under us also. But this is not all that we want to do. We cannot be satisfied with merely taking over and managing the concerns as they are. We have to expand and we shall certainly do our best to secure necessary men and materials to expand our activities to the extent possible. Finally, I would like to tell the House that this legislation has been brought in not in pursuance of a general policy of nationalizing every industry, it is not even in pursuance of a policy of nationalizing all public utility concerns. Sir, we wanted to take over the generation and distribution of all power that is available in this Province, as we considered that electricity should be treated under a very special

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category. Electricity is not merely a public utility but it is an instrument for the production of wealth. It is only in this spirit that we have brought forward this measure and when we take over all these concerns, we shall be able, in spite of all shortages that we have to face—in men as well as in materials—to expand and generate more electricity through the hydro-electric resources in the Province and take power to the remotest of the villages and to the poorest of the people. Sir, I commend the motion for the acceptance of the House."

THE DEPUTY PRESIDENT :—" The question is—

' that the Madras Electricity Supply Undertakings (Acquisition) Bill, 1949 (L.A. Bill No. 32 of 1949), as passed by the Legislative Assembly, be taken into consideration at once '."

The motion was carried.

Clause 2 was put and carried.

Clause 3.

* SRI R. SURYANARAYANA RAO :—" Mr. Deputy President, Sir, I move—

' In clause 3, omit the " Explanation " '."

I feel that when a notice has been served on an undertaking, in pursuance of that notice, the Government must take it over. But the explanation says :

' There shall be no obligation on the part of the Government to purchase any undertaking in pursuance of any notice given as aforesaid; nor shall the service of such notice be deemed to prevent the Government from taking any proceeding *de novo* in respect of the undertaking under this Act.'

As soon as a notice is given to a licensee, he becomes indifferent to his work and inefficiency sets in, and it is the consumer that ultimately suffers and not the Government or the private undertaking. It is only in the interests of the consumer that I am suggesting that there should be no delay on the part of the Government to take over the undertaking. Once a decision to give notice has been arrived at, there should be no hesitation to give effect to it. Therefore, I move this amendment."

JANAB ABDUL LATIF FAROOKHI :—" I second it."

THE DEPUTY PRESIDENT :—" The question is—

' In clause 3, omit the " Explanation " '."

* THE HON. SRI M. BHAKTAVATSALAM :—" I do not accept the amendment. We have discussed this question thoroughly in the Select Committee and in the Lower House. We do propose to consider the position *de novo* after passing this, then frame a programme and announce in due time so that all licensees may have due notice. Therefore Government do feel that there should be a provision like this." 4-15 P.M.

The amendment was put and lost.

Clause 3 was then put and carried.

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Clause 4.

* SRI R. SURYANARAYANA RAO :—“ Sir, I move—
‘ In clause 4 (1), omit the proviso.’

“ For the reasons I gave in respect of the ‘ Explanation ’ in clause 3, I feel, Sir, that the proviso gives power to Government to postpone from time to time, such date. It is not desirable. Though they have fixed one year as the aggregate period, I think, Sir, this state of uncertainty will recoil on the poor consumer. I feel, once Government give notice they should take up the concern, without taking power to go on postponing the date, though in the aggregate it may not exceed one year.”

JANAB ABDUL LATIF FAROOKHI :—“ I second the amendment.”

THE DEPUTY PRESIDENT :—“ The question is—
‘ In clause 4 (1), omit the proviso ’.”

THE HON. SRI M. BHAKATAVATSALAM :—“ Again I am sorry, I am unable to accept the amendment. Even when notice has been given, licensees might agree to continue for some time and it might be in the better interest of the consumer that this notice is extended. Government feel that they must have this provision and I can assure the hon. Member that whatever Government would do, it would be in the best interests of the consumer.”

The amendment was put and lost.

Clause 4 was then put and carried.

Clause 5.

* SRI R. SURYANARAYANA RAO :—“ I beg to move—

‘ In clause 5, add the following as sub-clause (4) :—

- (4) *Basis (D) : The compensation payable under this basis shall be the aggregate value of the share capital and debenture capital of the licensee as on the vesting date plus a solatium on such aggregate capital at the rate of one per cent for every year of the expired period of the licence.*

For purposes of this sub-section share capital shall mean the aggregate paid up value of all classes of shares standing in the books of the licensee on the vesting date and the debenture capital shall be the aggregate of all debentures as on the vesting date, such debentures being those issued with the permission of the Government under section 9 of the Indian Electricity Act.’

“ Sir, I must confess that I am in a great predicament. The bases given in this section are A, B and C. I have read them time and again, Sir, and I have not been able to find out whether A would be in the interests of the shareholders, B would be in the

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interest of the shareholders or C would be in the interest of the shareholders. I am not a businessman. I wish Government had given examples under each basis. It is done in all Statutes to enable the public to know better which would be in the interest of the shareholders or licensees. Therefore, Sir, I have given a straight amendment. Why I want a solatium Sir, is besides the capital raised under the various other sections which they have to pay to the accredited representatives, they have to incur expenditure on many items before the money is distributed to the persons who have invested in the concern. The shareholders must get whatever they have paid and the debenture holders must get whatever they have lent and the balance is meant to cover expenses such as fees for the accredited representatives which the Government are going to provide for under the rules. That is my point. This is a thing which I am able to understand and I think this will enable the shareholders also to choose the proper basis and advise the accredited representatives."

JANAB ABDUL LATIF FAROOKHI :—" I second the amendment, Sir."

THE DEPUTY PRESIDENT :—" The question is—

' In clause 5, *add* the following as sub-clause (4) :—

(4) Basis (D) : The compensation payable under this basis shall be the aggregate value of the share capital and debenture capital of the licensee as on the vesting date plus a solatium on such aggregate capital at the rate of 1 per cent for every year of the expired period of the licence.

For purposes of this sub-section share capital shall mean the aggregate paid up value of all classes of shares standing in the books of the licensee on the vesting date and the debenture capital shall be the aggregate of all debentures as on the vesting date, such debentures being those issued with the permission of the Government under section 9 of the Indian Electricity Act."

* THE HON. SRI M. BHAKTAVATSALAM :—" The Government fixed the three bases for compensation after a full and thorough discussion with the Government of India whose concurrence we had to secure and hon. Members are aware that this Bill gives option to the licensees to choose any one of the bases, A, B or C. Under any one of the bases that can be chosen by the licensee, some would get twice or even thrice the share value. If A will not suit a particular licensee, he can choose B or C. Whatever basis gives him the highest, it is open to him to choose it. It is not for this House to suggest what basis a particular licensee shall choose. I therefore feel it is not necessary to give statistics in the matter of choice. When it is proposed to give the option to the licensees to choose any one of these I do not think it is necessary to add one more basis. I oppose this amendment, Sir."

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SRI R. SURYANARAYANA RAO :—“ May I know, Sir, whether B which appears to have been added later, has also been arrived at after obtaining the consent of the Government of India. The whole section seems to be new.”

THE HON. SRI M. BHAKTAVATSALAM :—“ There is no change in the basis.”

The amendment was put and lost.

Clause 5 was put and carried.

Clause 6 was put and carried.

Clause 7.

SRI R. SURYANARAYANA RAO :—“ Sir, I move the following amendments :—

‘ In clause 7 (1)—

(1) for the words “ *shall vest in the Government* ” substitute the words “ *shall become the rights, liabilities and obligations of the Government* ”.

(2) Omit *provisos (i) and (ii).*’

“ The first is a verbal amendment. I am advised, Sir, by legal experts that this is the wording used in the Indian Companies Act. By the second amendment I have asked for the omission of the provisos (i) and (ii) in clause 7 (1), because we go into the *bona fides* of the licensee. Are we right rashly to say in this fashion that these are not *bona fide* transactions? There is an arbitrator to be appointed, if necessary. It will be for him to say whether all the transactions and the obligations are not in a *bona fide* manner.”

JANAB ABDUL LATIF FAROOKHI :—“ I second the amendments, Sir.”

THE DEPUTY PRESIDENT :—“ The question is—

‘ In clause 7 (1)—

(1) for the words “ *shall vest in the Government* ” substitute the words “ *shall become the rights, liabilities and obligations of the Government* ”.

(2) omit provisos (i) and (ii). ’ ”

* THE HON. SRI M. BHAKTAVATSALAM :—“ Regarding amendment (1), Sir, just now I consulted the Hon. Minister in charge of Law. We are of opinion that it is not necessary, and the clause as it stands is all right. I oppose the amendment. Then, regarding the second amendment, I feel we must have a provision to go into any matter which could not be accepted as *bona fide* transactions. I can point out that under this clause there is provision for the appointment of an arbitrator. If Government's decision

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regarding the *bona fides* is not acceptable, it will be open to the licensee to approach Government through the arbitrator. There is, therefore, no necessity for the amendment.

The amendments were put and lost.

Clause 7 was put and carried.

Clause 8 was put and carried.

Clause 9.

SRI R. SURYANARAYANA RAO :—“ Sir, I move—

‘ In clause 9 (1), substitute the words “ three months ” for the words “ one month ”.’

“ Within one month of his appointment or such further time as may be granted by the Government, the accredited representative shall intimate to the Government in writing which basis of compensation, A, B or C, shall be adopted in respect of the undertaking. I plead more time should be given to the shareholders. It is the shareholders that elect the accredited representative. They must be given time to meet again, give him the direction whether he should accept, A, B or C. Therefore, three months may be substituted for one month. This is only intended to give more time to the shareholders to think over what would be in their best interest to accept. It is a matter in which the monies of the shareholders are involved. One month’s time is not sufficient to enable the accredited representative to find out the wishes of the shareholders.”

JANAB ABDUL LATIF FAROOKHI :—“ I second the amendment, Sir.”

* THE HON. SRI M. BHAKTAVATSALAM :—“ The shareholders will not only have one month to decide this question. There will be a period of four months between the notice and the vesting date. Again, there will be a period of three months between the vesting date and the appointment of the accredited representative. All the seven months the shareholders can very well consider and give their opinion to their accredited representative. There is provision in this clause enabling Government to give such further time if they deem it necessary. Therefore, there is no need for the amendment and I oppose it.”

SRI R. SURYANARAYANA RAO :—“ Will the provision be utilized? ”

THE HON. SRI M. BHAKTAVATSALAM :—“ Whenever necessary.”

SRI R. SURYANARAYANA RAO :—“ Then I do not press my amendment, Sir.”

The amendment was by leave withdrawn.

Clause 9 was then put and carried.

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Clause 10.

SRI R. SURYANARAYANA RAO :—“ I move, Sir—

‘ In clause 10, for the words “ on or after the 1st October 1947 ”, substitute the words “ during a period of three years prior to the vesting date ”.

‘ In the proviso to clause 10, for the words “ within one year ” substitute the words “ within six months ”.

“ I do not know why this 1st of October 1947 has been chosen. I think a period of three years or two years or any period would be better than fixing a particular date. I do not know the intentions of the Government in fixing that date. I was not a member of the Select Committee to know their intentions. I want to know why that particular date has been fixed.”

THE HON. SRI M. BHAKTAVATSALAM :—“ That was the date when the Government announced their decision to acquire all undertakings and therefore we have fixed it as the marked date. Therefore I am unable to accept the amendments.”

SRI R. SURYANARAYANA RAO :—“ I do not press the amendments.”

The amendments were by leave withdrawn.

Clause 10 was then put and carried.

Clause 11.

SRI R. SURYANARAYANA RAO :—“ I do not propose to move the amendment.”

Clause 11 was then put and carried.

Clause 12.

SRI R. SURYANARAYANA RAO :—“ This is a consequential amendment to the amendment that I moved just now to clause 9 (1) substituting three months. As I withdrew the earlier amendment, I am not moving this amendment.”

Clause 12 was then put and carried.

Clause 13.

SRI R. SURYANARAYANA RAO :—“ Sir, I move—

‘ In clause 13, for the words “ may be repaid ”, substitute the words “ shall be repaid ” and after the words “ the Special Officer ” add the words “ within a period of twelve months from the vesting date ”.

“ I feel an important principle is involved in this amendment. I would read the clause to enable the hon. Members of this House to see the point I have raised by my amendment. The clause reads :

‘ Notwithstanding anything to the contrary in any contract or agreement or in any law for the time being in force, all loans, debentures, mortgages and the like outstanding against the licensee on the vesting date may be repaid by the Government or the licensee, or the Special Officer although the time for their repayment may not have arrived.’

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"When once an undertaking is taken over and debentures, loans and mortgages standing against it are in order, it is the duty of the Government or the licensee or the Special Officer to see that they are paid back. The word 'may' gives a loophole to escape their responsibility." 4-30 p.m.

JANAB ABDUL LATIF FAROOKHI :—"I second the amendment."

* THE HON. SRI K. MADHAVA MENON :—"I am afraid the amendment given notice of by my hon. Friend is more against the licensee than in his favour."

SRI R. SURYANARAYANA RAO :—"I am not speaking for the licensee."

* THE HON. SRI K. MADHAVA MENON :—"The Government will be bound to repay them but the hon. Member has suggested that the word 'may' might be replaced by 'shall.' If the whole section is read, it will be plain that the section as it stands will be more advantageous to the debenture-holders. It says—

'Notwithstanding anything to the contrary in the contract . . . all loans, debentures, etc., outstanding against the licensee on the vesting date may be repaid . . . although the time for repayment may not have arrived.'

The section permits the Government to settle them earlier than when they mature. They are of course entitled to get it after the time but this section permits its being paid earlier."

SRI R. SURYANARAYANA RAO :—"Sir, there is also my other amendment which says that within a period of at least twelve months from the vesting date, they must be paid. Supposing you are not able to pay, there must be some period within which the debenture-holders may be sure they will be getting the money back."

* THE HON. SRI K. MADHAVA MENON :—"Ordinarily, the creditors must get back the amount advanced by them and they are entitled to get them back and we need not prescribe any time for it at all and the Government need not give it as a matter of grace. The present section permits the Government to pay it earlier; payment could be made even though the time for repayment has not arrived and therefore there is no necessity for this amendment."

THE DEPUTY PRESIDENT :—"The question is—
'that in clause 13—

For the words "may be paid", substitute the words "shall be paid" and after the words "the Special Officer" add the words "within a period of twelve months from the vesting date"."

The amendment was lost.

Clause 13 was put and carried.

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Clause 14.

SRI R. SURYANARAYANA RAO :—“ Mr. Deputy President, I move—

‘ that the following be substituted for clause 14 (1) and (2) :—

“ 14. (1) Where any dispute or difference arises between the accredited representative and the Government in respect of any matter arising out of the application of the provisions of this Act, such dispute or difference shall be determined by an arbitrator appointed by the Hon'ble Chief Justice for the time being of Madras.

(2) The provisions of the Indian Arbitration Act, 1940, shall apply to all arbitrations under this Act ”.

My point is that whatever may be the point at issue, if a dispute arises between the accredited representative of the shareholders on the one hand and the Government on the other, without it falling under any of the categories mentioned here, it must automatically be referred for arbitration. According to this section, there is provision for arbitration only in respect of items covered by (a) to (f). I am suggesting that all matters in respect of which there is any dispute, not necessarily those mentioned here, should be referred for arbitration. I am moving this in the interests of the shareholders and I have nothing to do with the licensee.”

The motion was duly seconded.

THE DEPUTY PRESIDENT :—“ The question is—

‘ that the following be substituted for clause 14 (1) and (2) :—

“ 14 (1) Where any dispute or difference arises between the accredited representative and the Government in respect of any matter arising out of the application of the provisions of this Act, such dispute or difference shall be determined by an arbitrator appointed by the Hon'ble Chief Justice for the time being of Madras.

(2) The provisions of the Indian Arbitration Act, 1940, shall apply to all arbitrations under this Act ”.

* THE HON. SRI M. BHAKTAVATSALAM :—“ This provision, Sir, is an exact copy of the corresponding provision in the Indian Electricity Act under which we have acquired the Madras Electric Supply Corporation. There is no need for a change and I do not think my hon. Friend will insist upon his amendment. Relating to matters that are to be referred to arbitration, we have exhaustively referred to the various points that are likely to arise and therefore, I am unable to accept the amendment.”

The amendment was lost.

Clause 14 was put and carried.

Clause 15 was put and carried.

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Clause 16.

SRI R. SURYANARAYANA RAO :—" Mr. Deputy President, Sir, I beg to move—

that in clause 16 (2), the following be added :—

" As far as possible consistent with such conditions of service as those persons enjoyed under the licensee "

My object in giving this amendment is to safeguard the interests of the servants of the licensee or the company as the case may be, whose services are to be retained by the Government. My object is that their conditions of service should not be radically altered. If some licensees had given better terms to their employees, the Government should not on that account deprive them of those privileges and it is with that object in view that I have said ' consistent as far as possible with the conditions of service that those persons enjoyed under the licensee '. They should give them conditions of service approximating as far as possible to those obtaining under the licensee."

The amendment was duly seconded.

THE DEPUTY PRESIDENT :—" The question is—

' In clause 16 (2), add the following at the end :—

" as far as possible consistent with such conditions of service as those enjoyed under the licensee " ' "

* THE HON. SRI M. BHAKTAVATSALAM :—" ' As far as possible ' is a very vague term and when the Government takes over these persons, their conditions of service must conform to terms obtaining for persons in similar category in Government service. As a matter of fact, we have taken over most of the staff of the Madras Electric Supply Corporation and we have also provincialized the work-charged establishment and we have given fair satisfaction even to those employees. Therefore, Sir, it is not necessary to amend the clause as suggested by the hon. Member."

The amendment was lost.

Clause 16 was put and carried.

Clauses 17, 18, 19, 20, 21, 22, 23 and 24 were put and carried.

Schedules I and II were put and carried.

Clause 1 and the preamble were put and carried.

THE HON. SRI M. BHAKTAVATSALAM :—" Sir, I move—

' that the Madras Electricity Supply Undertakings (Acquisition) Bill, 1949 (L.A. Bill No. 32 of 1949), as passed by the Legislative Assembly be passed into law.'

Sir, I once again take this opportunity to express my gratitude to hon. Members for the support they have given to this legislation."

* SRI R. SURYANARAYANA RAO :—" Sir, if I had not taken part in this debate we could have finished the agenda and

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gone home by 3 p.m. Sir, I took part in this Bill because I was concerned with the interests of the shareholders who have invested their money in these concerns. Sir, I was not so much concerned with the interests of the licensees. I am glad that some assurance was given on some of the amendments moved. I am sure sooner or later Government will themselves realize that where the interests of shareholders are concerned, they should have been much more sympathetic and generous. Sir, I am one of those who has always had a sneaking admiration (laughter) for the Hon. Minister for Public Works. He knows, whenever I get an opportunity, I plead for the cause in which I am interested. At the same time, Sir, I must confess, whenever I criticize him, he always takes the criticism in the light in which it is offered, as neither he nor I have any personal interest to serve. All that we are both interested in is to see that whatever Government do must bring utmost benefit to the common man. So, I thought I should bring to the notice of Government some of the points of the shareholders so that they may be in the minds of Government and they may see that as generous treatment as possible is given to them, and that the moneys they have invested are not lost. With these words, Sir, I have great pleasure in supporting the Bill."

* THE HON. SRI M. BHAKTAVATSALAM :—" Sir, I am obliged to Sri R. Suryanarayana Rao for the considerable attention he has bestowed on this Bill. I can assure him once again that Government have bestowed considerable thought on the interests of the shareholders in framing this Bill and also while considering the Bill in the Select Committee stage."

THE DEPUTY PRESIDENT :—" The question is—

' that the Madras Electricity Supply Undertakings (Acquisition) Bill, 1949 (L.A. Bill No. 32 of 1949), as passed by the Legislative Assembly be passed into law '."

The motion was put and carried and the Bill was passed into law.

(10) THE MOTOR VEHICLES (MADRAS AMENDMENT) BILL, 1949
(L.A. BILL NO. 47 OF 1949).

THE HON. SRI B. GOPALA REDDI :—" Sir, I move—

' that the Motor Vehicles (Madras Amendment) Bill, 1949 (L.A. Bill No. 47 of 1949), as passed by the Legislative Assembly, be taken into consideration.'

Sir, some time ago this House gave permission to the Government to review appeals entertained by the Central Road Traffic Board and disposed of by them. Under section 64-A of the Motor Vehicles Act, a very large number of applications are being filed before Government. The powers of revision conferred by that section were intended to be exercised only in exceptional cases where there had been grave miscarriage. We think that some fee must be levied so that there will be a judicious utilization of that section.